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## Capital Budget Committee

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### HB 3146

**Brief Description:** Regarding the use of building fees and net proceeds of the university tract for university building purposes.

**Sponsors:** Representatives Dunshee, Kessler, Kenney and Ormsby; by request of University of Washington.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Authorizes the University of Washington to use student building fees, trust revenues, and University Tract revenues from a local non-appropriated account.</li></ul>
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**Hearing Date:** 2/1/10

**Staff:** Steve Masse (786-7115).

**Background:**

The University of Washington (University) is authorized to collect revenue from several different sources including student building fees, trust land revenues, and University Tract revenues. The revenues are used for several different purposes.

Student building fees are collected from students as part of tuition. Student fees can be used for any authorized debt service for bonds sold by the University of Washington for construction projects authorized by the Legislature. The remaining student building fees are deposited into the University of Washington Building Account. The 2009-11 projected revenue from student building fees is \$34 million.

The University received trust land granted from the federal government in the Enabling Act. Revenues from the trust lands include timber sales, leases, and mining. These revenues are first deposited into the University Bond Retirement Fund, then transferred to the University of Washington Building Account if not needed for debt service. The 2009-11 projected trust revenues are \$6.5 million.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

The University Tract, also known as Metro Tract, consists of property owned by the University in downtown Seattle. The University Tract has several commercial buildings that are leased for non-University commercial uses. After operating expenses are paid, the remaining portion of University Tract revenue is deposited into the University of Washington Building Account. The 2009-11 projection was \$10 million to be transferred to the University of Washington Building Account.

The appropriated University of Washington Building Account was created by the Legislature to be used for erecting, maintaining, equipping or furnishing buildings owned by the University. The University of Washington Building Account is an appropriated account, typically for projects in the capital budget. The 2009 Capital Budget contained projects totaling \$47 million, and authorization to sell bonds for an amount of \$53 million that will be paid for with funds from the University of Washington Building Account.

The University is authorized to maintain a three year reserve of debt service on University sold bonds.

Funds that are appropriated by the Legislature have a distinct sum and specific purpose. Nonappropriated funds can be expended without Legislative appropriation out of accounts that are established as being exempt from appropriation.

**Summary of Bill:**

The revenues currently deposited into the appropriated University of Washington's Building Account will be used for University of Washington building purposes. Any funds in the University of Washington's Building Account will be transferred to the University of Washington for University building purposes. The University of Washington is directed to use the funds for the minor capital projects and deferred maintenance at or above the 2009-2011 biennial contribution.

The three year reserve for debt service is removed.

**Appropriation:** None.

**Fiscal Note:** Requested on 1/28/10

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.